

Transportation needs in Maryland are funded from an integrated account called the Transportation Trust Fund. The Transportation Trust Fund was created in 1971 to establish a dedicated fund to support the Maryland Department of Transportation (MDOT). The use of this integrated trust fund approach allows Maryland tremendous flexibility to meet varying transportation service and infrastructure needs. The continuing commitment to these needs has provided Maryland with the excellent infrastructure system necessary to support the economic growth of the State.

All activities of the Department are supported by the Trust Fund, including debt service, maintenance, operations, administration, and capital projects. Unexpended funds remaining in the Trust Fund at the close of the fiscal year are carried over and are not reverted to the State's General Fund.

All funds dedicated to the Department are deposited in the Trust Fund and disbursements for all programs and projects are made from the Trust Fund. Revenues are not earmarked for specific programs; the allocation of funds to projects and programs is made in conjunction with state and local elected officials.

Sources of funds include motor fuel taxes, vehicle excise (titling) taxes, motor vehicle fees (registrations, licenses and other fees), and federal-aid. In addition, the Trust Fund also includes corporate income taxes, sales and use taxes*, operating revenues (e.g., transit fares, port fees, airport fees), and bond proceeds. Federal-aid projections are based on current appropriations and the match required to meet capital program cashflow needs. Bonds are issued to support the cashflows of projects in the capital program while maintaining debt coverage requirements.

Certain Trust Fund revenues are shared with local governments and other state agencies based on statutory requirements. Based on legislation passed during the 2011 General Assembly, the funds in the Gasoline and Motor Vehicle Revenue Account are distributed as follows.

	FY11	FY12	FY13	FY14 on
MDOT	68.5%	79.8%	90.0%	90.4%
General Fund	23.0%	11.3%	0.0%	0.0%
Baltimore City	7.9%	7.5%	8.1%	7.7%
Counties & Municipalities	0.6%	1.4%	1.9%	1.9%
Total	100.0%	100.0%	100.0%	100.0%

Deductions are also made for certain General Fund purposes, including environmental, fuel tax collection, and state police programs.

After the state agency and local government deductions, the remaining funds are allocated for debt service, MDOT operating expenditures, and MDOT capital expenditures. MDOT expenditures are for various modes of transportation: State Highway Administration (SHA), Maryland Transit Administration (MTA and MARC), Washington Metropolitan Area Transit (WMAT) programs, Maryland Port Administration (MPA), Maryland Aviation Administration (MAA), and Motor Vehicle Administration (MVA and ISC).

The Transportation Trust Fund permits the State tremendous flexibility to meet the needs of a diverse transportation system. Although Maryland was one of the first states to have an integrated trust fund, it is a model copied by other states. By working closely with the rating

agencies and maintaining financially prudent criteria regarding the Trust Fund, the Department has one of the highest credit ratings given to transportation agencies.

* Effective 7/1/11, MDOT will no longer receive a share of the State's general sales and use tax.

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